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## BIWEEKLY REPORT

# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/157  
12 February 1962

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events\*  
26 January - 8 February 1962

Most of the Bloc countries recently have concluded trade protocols with Cuba for 1962. The projected increase in the total trade turnover of \$250 million, however, appears to be unrealistic and is not likely to be achieved. The level of exports of sugar probably will not be higher than that achieved in 1961, nor will there be a significant increase in exports of other commodities. It is possible, however, that the protocols indicate plans to make substantial use of developmental credits extended earlier by the Bloc.

On 27 January a protocol was signed to the Soviet credit of \$175 million that was extended to the UAR (United Arab Republic -- Egypt) in January 1958 and was about to expire. The protocol provided that the remaining unobligated 13 million Egyptian pounds (\$37.3 million) will be earmarked for certain projects under the second stage of Egypt's industrialization program.

In December 1961 the USSR delivered to the UAR the largest quantity of arms observed in more than 3 years. These arms probably were included in the military aid agreement negotiated between the USSR and the UAR last summer.

A Syrian military mission is scheduled to depart for the USSR in mid-February to negotiate a new arms agreement. As Syria's requirements for military equipment in the past have been included in contracts negotiated between the UAR and the USSR, a Syrian-Soviet agreement is necessary if Syria is to continue to receive military assistance from the USSR.

The Moroccan military mission that went to the USSR in mid-January reportedly has concluded an agreement that provides for substantial quantities of small arms and ammunition on a grant basis as well as unspecified types and quantities of artillery and "heavy equipment" under the terms of a 12-year credit.

\* An unclassified table summarizing Bloc economic credits and grants extended to underdeveloped countries during 1954-61 is included in this issue on p. 8.

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A Ghanaian military mission is scheduled to depart for the USSR in February to discuss Soviet assistance in the establishment of an army brigade and a tank squad.

India reportedly has agreed to purchase additional Mi-4 helicopters and An-12 transport aircraft from the USSR.

On 1 January, India inaugurated the petroleum refinery at Gauhati that was constructed by Rumania under a 1958 credit of \$9.4 million. The refinery at Barauni being constructed by the USSR is scheduled for completion late in 1963.

India has granted the USSR permission to establish a trade mission in Madras but has continued to resist Soviet efforts to open a consular office and information center in the same city.

Recent Soviet deliveries of arms to Indonesia include 4 submarines for the navy and about 280 vehicles for the army. In addition, the delivery of MIG-19 jet fighters for the air force has been confirmed.

The Finnish military mission that went to the USSR on 22 January has concluded a new arms agreement that probably provides for jet fighters, tanks, and field artillery.

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**UNCLASSIFIED**

Sino-Soviet Bloc Economic Credits and Grants  
 Extended to Underdeveloped Countries of the Free World a/\*  
 1954-61

Million US \$			
<u>Area and Country</u>	<u>Total</u>	<u>Credits</u>	<u>Grants</u>
Total	<u>4, 372</u>	<u>4, 216</u>	<u>156</u>
<u>Latin America</u>	<u>465</u>	<u>465</u>	<u>0</u>
Argentina	104	104	0
Brazil	4	4	0
Cuba	357	357	0
<u>Middle East</u>	<u>1, 327</u>	<u>1, 318</u>	<u>9</u>
Afghanistan	217 <u>b/</u>	217 <u>b/</u>	0
Cyprus	1	1	0
Iran	6	6	0
Iraq	216	216	0
Pakistan	33	30	3
Syrian Arab Republic	178	178	0
Turkey	17	17	0
United Arab Republic (Egypt)	615 <u>c/</u>	610 <u>c/</u>	5
Yemen	44	43	1
<u>Africa</u>	<u>602</u>	<u>588</u>	<u>14</u>
Ethiopia	114	112	2
Ghana	182	182	0
Guinea	110	104	6
Mali	65	65	0
Somali Republic	63	57	6
Sudan	22	22	0
Tunisia	46	46	0

\* Footnotes for the table follow on p. 9.



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Sino-Soviet Bloc Economic Credits and Grants  
 Extended to Underdeveloped Countries of the Free World a/  
 1954-61  
 (Continued)

Million US \$			
<u>Area and Country</u>	<u>Total</u>	<u>Credits</u>	<u>Grants</u>
<u>Asia</u>	<u>1,862</u>	<u>1,729</u>	<u>133</u>
Burma	93	93	0
Cambodia	65	8	57
Ceylon	58	42	16
India	950	946	4
Indonesia	641	640	1
Nepal	55	0	55
<u>Europe</u>	<u>116</u>	<u>116</u>	<u>0</u>
Iceland	5	5	0
Yugoslavia	111 <u>d/</u>	111 <u>d/</u>	0

a. Not including military credits and grants.

b. Although some grant aid is included, a breakdown is not possible. Substantial additional credits have recently been made available by the USSR.

c. Not including about \$12 million in credits that were extended in 1958 and 1960 and have expired.

d. Not including about \$353 million in credits that were extended in 1956 and subsequently either canceled or allowed to expire.

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